

Application No. 10-04001G

Direct Testimony of

**EYAL HEN**

on behalf of

ORMAT NEVADA, INC.

AND

ORNI 15, LLC

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Eyal Hen and my business address is 6225 Neil Road, Reno, Nevada 89511.

**Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

A. I am the Controller of Ormat Technologies, Inc ("OTI"), the parent company of Ormat Nevada, Inc. ("ONI").

**Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

A. ORNI 15, LLC ("ORNI 15") and Ormat Nevada, Inc. ("ONI") (collectively ORNI 15 and ONI are referred to as "Ormat").

**Q. DOES ATTACHMENT 1 ACCURATELY DESCRIBE YOUR BACKGROUND AND EXPERIENCE?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?**

A. The purpose of my testimony is to support the request for partial tax abatements for the Jersey Valley geothermal power project being developed by Ormat, and to provide specific information related to the Jersey Valley project to assist the Energy Commissioner in considering the application for partial tax abatements.

**Q. CAN YOU PLEASE EXPLAIN IN DETAIL THE JERSEY VALLEY GEOTHERMAL POWER PROJECT?**

A. Ormat is developing a geothermal power plant in the Jersey Valley located in Pershing County, Nevada ("Jersey Valley Project"). The first phase of the Jersey Valley Project will produce approximately 15 MW of electricity. Nevada Power Company and ORNI 15 have executed a 20-year power purchase agreement, under which ORNI 15 will supply energy and associated environmental benefits to Nevada Power from the Jersey Valley Project. Ormat has secured control of all the land in the vicinity of the project through an agreement with the Bureau of Land Management, and has obtained all state and local permits to construct and operate the facility. Ormat expects the Jersey Valley Project to become operational in the fourth quarter of 2010.

**Q. WHAT TYPE OF ABATEMENTS IS ORMAT REQUESTING FOR THE JERSEY VALLEY PROJECT?**

A. Ormat is requesting a partial abatement on the sales and use tax for personal property purchased to construct the facility, and the property tax on the real and personal property associated with the Jersey Valley Project is placed in service.

**Q. WERE YOU INVOLVED IN PREPARING ORMAT'S APPLICATION FOR THE PARTIAL ABATEMENTS?**

A. Yes.

**Q. ARE YOU FAMILIAR WITH THE INFORMATION IN THE APPLICATION?**

A. Yes.

**Q. IS THE INFORMATION IN THE APPLICATION ACCURATE TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?**

A. Yes.

**Q. HAS OR WILL ANY STATE OR LOCAL FUNDING BE PROVIDED FOR THE ACQUISITION, DESIGN OR CONSTRUCTION OF THE JERSEY VALLEY PROJECT?**

A. No.

**Q. WILL THE JERSEY VALLEY PROJECT BE OWNED OR OPERATED, EVEN IN PART, BY A GOVERNMENTAL AGENCY?**

A. No.

**Q. HAVE YOU APPLIED FOR OR ARE YOU RECEIVING ANY OTHER TAX ABATEMENT OR EXEMPTION FOR THE JERSEY VALLEY PROJECT?**

A. No.

**Q. HOW LONG WILL THE JERSEY VALLEY PROJECT BE IN OPERATION?**

A. We have signed a 20-year PPA with NV Energy. Whether the project will continue beyond that time depends primarily on the resource, wear and tear on the equipment, and changes in technology.

**Q. HOW MANY EMPLOYEES WILL BE WORKING ON THE CONSTRUCTION OF THE JERSEY VALLEY PROJECT?**

A. Between Ormat and its contractors, there will be at least 50 full-time employees working on the construction of the Jersey Valley Project during the second quarter of construction. While the numbers fluctuate from week-to-week, we are averaging

50 or more full-time employees now working on the construction per week during the second quarter of construction.

**Q. HOW MANY EMPLOYEES WORKING ON CONSTRUCTION OF THE JERSEY VALLEY PROJECT WILL BE NEVADA RESIDENTS?**

A. More than 30% of the construction employees are Nevada residents.

**Q. WHAT IS THE AVERAGE WAGE FOR THESE EMPLOYEES AND ARE THEY RECEIVING BENEFITS?**

A. Under our construction contracts, all construction employees are being paid at least 150% of the average hourly statewide rate, excluding management and administrative employees, and they all receive health insurance benefits, including an option for coverage of their dependents. The health insurance plans offered by our contractors cover emergency care, inpatient and outpatient hospital services, physician's services, outpatient medical services, laboratory services, and diagnostic testing services. The plans offer dependent coverage and cover at least 80% of the costs for the covered services after the employee's deductible is met.

**Q. HOW MANY EMPLOYEES WILL BE WORKING AT THE JERSEY VALLEY PROJECT AFTER IT BEGINS OPERATION?**

A. Ormat will have 8 to 10 full-time employees working at the Jersey Valley Project for operation and maintenance purposes.

**Q. WHAT WAGE WILL THESE EMPLOYEES BE PAID AND WILL THEY RECEIVE BENEFITS?**

A. All full-time employees working at the Jersey Valley Project once it becomes operational will be paid an average of at least 110% of the average hourly statewide rate, excluding management and administrative employees, and will receive health insurance benefits, including an option for coverage of their dependents.

**Q. HOW MUCH OF A CAPITAL INVESTMENT WILL THE JERSEY VALLEY PROJECT MAKE IN NEVADA?**

A. The Jersey Valley Project will make a capital investment of more than 80 Million Dollars in the State of Nevada.

**Q. WILL THE FINANCIAL AND EMPLOYMENT BENEFITS THE STATE OF NEVADA AND ITS RESIDENTS RECEIVE FROM THE JERSEY VALLEY PROJECT EXCEED THE LOSS OF TAX REVENUE THAT WILL RESULT IF THE PARTIAL ABATEMENTS ARE GRANTED?**

A. Yes. The capital investment, the wages paid and the taxes paid will far exceed the loss of tax revenue.

**Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.**

A. I recommend that the application for partial tax abatements be granted for the Jersey Valley Project. Ormat has demonstrated during this application process that the Jersey Valley Project has met and will meet all the requirements for approval of the partial tax abatements provided for in NRS Chapter 701A. In addition, the Pershing County Board of County Commissioners has approved Ormat's request for the partial tax abatements for the facility. The Jersey Valley Project offers significant financial and employment benefits to the State of Nevada and Pershing County. If Ormat receives the partial tax abatements for the Jersey Valley Project, it will continue its exploration and testing in the area with a goal of expanding the facility, which will greatly increase the benefits it provides to the state and the county.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A Yes.

# Eyal Hen

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## Experience

### Controller - Ornat Technologies Inc. (2004 - Present)

- Preparation and analysis of quarterly and annual financial statements according to United States Generally Accepted Accounting Principles (10-K and 10-Q forms) as well as International Financial Reporting Standards.
- Supervise Accounting, Treasury and Tax compliance.
- Supervise/Review internal financial controls per Sarbanes-Oxley Act requirements.
- Participated in preparation of follow-on offering and issuance of corporate bonds.
- Participant in annual and project budgeting.

### Senior Associate - PricewaterhouseCoopers Tel-Aviv, Israel (2001 - 2004)

- Certified Public Accountant (Israel).
- Assigned auditing responsibility of Teva Pharmaceutical Industries Ltd. Listed on The NASDAQ Stock Market, the Company is among the top 20 pharmaceutical companies worldwide and among the largest generic pharmaceutical companies. Responsibilities included preparation of annual and interim reports, valuations, due diligence, tax reports and cooperation with the Israel Chief Scientist and the Israeli Investment Center.
- Auditing of International and local companies according to United States and Israeli GAAP and IFRS, which included global and multi currency accounting systems.

## Military Service

### Israeli Air Force - Electronic Warfare Technician. (1991 -1996)

- Three years of basic training.
- Promoted to Platoon Commander in charge of all operations.

## Education

### University of Phoenix (2007 to 2009)

- Master of Business Administration

### Continued Education Courses - PricewaterhouseCoopers

- Requirements and Reporting, SEC procedures in the U.S. and Israel.
- Israeli Tax Reform.
- Developments in the United States GAAP and International Financial Reporting Standards.

### Ben Gurion University - Be'er Sheva, Israel (1998 - 2001)

- B.A., Economics and Accounting.

### Air Force Technology College - Haifa, Israel (1988 - 1991)

- High School Diploma - specialist in electronic technology.

## Interests

Partnership 2000 Delegation - Bridging the US/Israeli Communities.  
Advanced English and Hebrew - Training, Reading and Exercise.  
Ballroom dancing.

## References

Available upon request.